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SUMMARY RECORD OF THE 6th MEETING

Held at Headquarters, New York,
on Wednesday, 12 February 1992, at 10 a.m.

President: Mr. BREITENSTEIN (Finland)

Other matters

Preparations for the fifth programming cycle (continued):

Communications received from Belarus, Estonia, Latvia, Lithuania and Ukraine

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The meeting was called to order at 10.10 a.m.

OTHER MATTERS

1. The PRESIDENT, referring to draft decision DP/1992/L.4 on emergency assistance to Samoa, announced that Nicaragua, Papua New Guinea and Saint Lucia had joined the sponsors.

2. Mrs. MAUALA (Observer for Samoa), introducing draft decision DP/1992/L.4, expressed her Government's gratitude for the assistance already given to Samoa by UNDP, international and non-governmental organizations, especially the International Committee of the Red Cross, and a number of Governments, in the aftermath of Cyclone Val. That disaster had occurred when the country had still been in the process of rehabilitation from Cyclone Ofa, in February 1990. Reconstruction of the schools would cost $18 million tala and reconstruction of the ports, $19 million. Damage to forest plantations and natural forest was estimated at $106 million. During the current cyclone season, other Pacific island developing countries, namely, Vanuatu, Solomon Islands and the Republic of the Marshall Islands, had also suffered damage. Samoa hoped that draft decision DP/1992/L.4 would be adopted by the Governing Council.

3. The PRESIDENT said that the Bureau had agreed that Mr. Seniloli (Fiji), Vice-President of the Governing Council, would be the focal point for consultations on the draft decision, and their outcome would be communicated to the Council in due course.

4. Mrs. SCHAFER-PREUSS (Germany), referring to her country's voluntary contribution to UNDP for 1992, said that it would be increased from DM 130 million to DM 133 million. The contribution to the United Nations Population Fund (UNFPA) would also be increased from about DM 39.6 million to DM 41.3 million in 1992. The contribution to the United Nations Development Fund for Women (UNIFEM) would be DM 1.2 million, as in 1991. In 1992, Germany would for the first time make a contribution for the activities of the United Nations Capital Development Fund (UNCDF). The sum, amounting to DM 4.5 million, would be disbursed over several years. The first disbursement would be DM 0.5 million.

PREPARATIONS FOR THE FIFTH PROGRAMMING CYCLE (continued):
COMMUNICATIONS RECEIVED FROM BELARUS, ESTONIA, LATVIA, LITHUANIA AND UKRAINE (DP/1992/8, 9, 50)

5. Mr. ADOUKI (Congo) said he was pleased to note that new States were joining UNDP. The Congo, which had co-sponsored the draft resolution on admission of the Baltic States to the United Nations, supported their applications to receive UNDP assistance. As was clear from the introductory remarks by the Administrator, Belarus, the Baltic States and Ukraine fulfilled the requirements laid down for that purpose in Governing Council decision 90/34.

6. Mr. KOIKE (Japan) said that UNDP, as an organ of the United Nations, should adhere to one of the cardinal principles of the Organization, namely universality, regardless of a country's geographical location. Furthermore, his delegation saw no need to change the criterion established at the inception of UNDP regarding the eligibility of recipients. His delegation supported the applications submitted by the five countries. As to their indicative planning figures (IPFs), the direct costs would be between $2.6 million and $5 million. That amount could be accommodated out of unallocated funds, and when the new data became available regarding their per capita GNP, their IPFs would be adjusted accordingly.

7. The Governing Council needed to consider other policy issues regarding unallocated funds, as indicated in document DP/1992/CRP.3, as well as the question of the establishment and functioning of UNDP field offices and the level of programme activities in those countries. Those questions should be considered in the context of the overall resources available for the fifth cycle. At its May 1992 session, the Council should be provided with detailed documents so that the question could be examined in depth.

8. Ms. DUDIK-GAYOSA (United States of America) said that her country welcomed the proposal to include Belarus, Estonia, Latvia, Lithuania and Ukraine as new recipients of UNDP assistance. The United States initiative to convene the recent Conference on Aid Coordination to the Commonwealth of Independent States and the bilateral efforts already under way demonstrated her country's recognition that the situation those countries faced required urgent action. The calculation of their IPFs should be based on the criteria established in Council decision 90/34.

9. With respect to the opening of field offices, the United States supported a reasoned and measured expansion of UNDP field operations in order to enable UNDP to fulfil its coordination role and to help in building the capacity of the new recipient States to coordinate external assistance. The United States also felt it was essential that the United Nations system should work in an integrated manner, and it was pleased that the Administrator had emphasized in his opening remarks the role played by the Joint Consultative Group on Policy (JCGP). All the member organizations of JCGP had agreed some time earlier that joint field offices were the preferable modus operandi in the field. The United States had encouraged the agencies to establish joint offices, and believed that UNDP should consult with the United Nations in order to plan jointly the field structure set up and to determine how costs would be shared. The more coordinated and integrated the United Nations system was, the more help it could render and the less of an administrative burden it would place on new Governments. The establishment of field offices required careful consideration of the financial and administrative issues. The Council should submit that question to the Budgetary and Finance Committee. Her delegation therefore requested that a meeting of that Committee should be organized, perhaps chaired by one of the Vice-Presidents, in order to take up that question and to submit a draft decision to the Council.

(Ms. Dudik-Gayosa, United States)

10. Turning to document DP/1992/CRP.3, she said that, owing to the technical nature of the policy issue referred to in paragraph 4, more information was needed in order to consider the matter carefully. The Secretariat should re-run the IPF calculations to include the new least developed countries, the IPFs for the five new recipients, and independence bonuses for the three Baltic countries which had for the first time taken seats in the General Assembly. UNDP should make every effort to refine the data upon which it was basing the IPF calculations.

11. With respect to the other questions raised in document DP/1993/CRP.3, her delegation believed that IPFs should be allocated within the framework of decision 90/34 on the basis of the 8 per cent planning assumption for the annual growth rate over the fifth cycle. At the same time, the Administrator should ensure that expenditure against the IPFs was maintained within existing resources. He had already indicated that the 8 per cent growth assumption might not materialize. Thus, the United States believed that the utmost caution was called for in making multi-year commitments for new projects. The Council should resume detailed discussion of that issue in the Budgetary and Finance Committee at the May session. It would therefore be useful for the Council to have tables showing both resource projections and expenditure projections for new and continuing projects each year. Her delegation strongly opposed the idea of borrowing against the sixth cycle, especially in the light of the uncertainties about the level of resources that would be available. Regarding the recalculation of the IPFs to reflect changed per capita GNP, it would be useful to consider the proposal in greater depth, bearing in mind the financial implications, once the tables in question had been provided.

12. Mr. AFANASIEV (Russian Federation) said that his country supported the requests by Belarus and Ukraine, former Republics of the Soviet Union and current members of the Community of Independent States, and by the Baltic countries, Estonia, Latvia and Lithuania, to be regarded as recipient countries. His Government was considering other forms of cooperation with international organizations of the United Nations system, including UNDP, for the provision of technical assistance to those countries in implementing reforms to enable them to make the transition to a market economy.

13. Mr. LENAERTS (Belgium) said that, with regard to assistance to the Republics of the Community of Independent States and the Baltic States, his country favoured the adoption of a low profile, and believed that the new types of aid should not be mixed with the development aid flows to the developing countries, given the scarcity of resources for official development assistance.

14. In order to avoid confusion on aid policies, Mr. Derycke, the Belgium Minister for Development Cooperation, had requested the Belgian Cabinet to stick to a policy of not amalgamating the present East-West problems with North-South development relations.

(Mr. Lenaerts, Belgium)

15. The Belgian Council of Ministers had adopted a policy framework based on three principles. First, official development assistance to the least developed countries of the Community of Independent States could only be channelled through multilateral organizations, of which the United Nations Development Programme was one of the most important, and such assistance would be kept within the current level of resources. Secondly, Belgium would participate in the programmes of the European Economic Community, but would not provide direct bilateral official development assistance to the countries of the Community of Independent States. Thirdly, all new cooperation agreements with the Republics of the Community which were eligible for least developed country status should be based on a clear assessment of those countries' real needs and on a coherent policy within the United Nations system.

16. Lastly, Belgium would welcome modification of the current list of least developed countries, which was based on geopolitical and geographical considerations and not on statistical data.

17. Mr. BROUWERS (Netherlands) said that his delegation welcomed the requests submitted by Belarus, the three Baltic countries and Ukraine. The ways and means UNDP could resort to in cooperating with those five countries would need to be thoroughly discussed. In that context, the criteria for the allocation of fifth programming cycle resources specified in decision 90/34 must be respected.

18. To calculate the indicative planning figures for the new States, reliable and updated information on their national product would be required. His delegation hoped that that information would be made available to the Governing Council so that the necessary action could be taken at the May session.

19. A comprehensive debate on the possible role of UNDP in the former Soviet Union was required for two reasons: first, many other countries of the former Soviet Union were developing countries and should receive aid. Nevertheless, that aid should not affect the assistance provided to the developing countries of the southern hemisphere, which constituted UNDP's priority target group. Secondly, solving the problems of the Central and Eastern European countries and the new independent Republics in Asia was not the task of UNDP alone. It was important that the United Nations system should adopt an overall future approach to that region in transition.

20. Mr. SOUTTER (Canada) said that his country welcomed the request submitted to the Governing Council by the Eastern European countries, but believed that there were still many issues that remained to be resolved. In the first place, the criteria to be applied should be based on reliable statistics. In addition, administrative expenditures should continue to be related to programme expenditures. With regard to the opening of new offices,

(Mr. Soutter, Canada)

regionalization might perhaps be a viable option. As to the possibility of establishing trust funds, Canada was not in favour of that option. It would be desirable to know the views of the Secretariat on all those issues.

21. Mr. RYSINSKI (Poland) said that his country supported the requests by Belarus, Estonia, Latvia, Lithuania and Ukraine. The transition to democracy called for increased technical cooperation, and UNDP was specially qualified to assist in that task. Poland's own experience had demonstrated the importance of cooperation with UNDP.

22. Mrs. SCHÄFER-PREUSS (Germany) said that her position was the same as that of the Nordic countries. Germany hoped that the indicative planning figures for Belarus, Estonia, Latvia, Lithuania and Ukraine would be precisely defined at a later stage. Moreover, it did not agree with the proposal to establish new field offices in those countries, and suggested that other options, such as the possibility of establishing joint offices, should be studied. At the May session of the Council, the Administrator should submit a comprehensive proposal covering various options and their costs. Her delegation proposed that the issue of establishing new field offices should be analysed within the framework of the Budgetary and Finance Committee.

23. Mrs. RUIZ DE VELASCO (Spain) said that Spain's attitude to the requests submitted was flexible, and that it understood the serious socio-economic situation from which some States were suffering. Nevertheless, that should not mean automatic acceptance of all those requests. Examination based on reliable statistics was necessary. The information received so far did not appear sufficient to decide whether each of the five requesting countries individually qualified as a recipient country with an indicative planning figure. Accordingly, she requested the Administrator to have the relevant studies completed.

24. Mr. MACHIN (United Kingdom) said he supported the requests received, but believed that more information was required, particularly more data on the gross national product of the five countries concerned, before the size of the indicative planning figures could be determined. It would also be desirable to clarify various issues such as the role UNDP should play in Eastern and Central Europe and, in particular, the question of new field offices. It was extremely important that any assistance to be provided to the new recipient countries should not affect the support extended to the developing countries already receiving UNDP assistance.

25. Mr. STELZER (Austria) said that his country fully supported the desire of Belarus, Estonia, Latvia, Lithuania and Ukraine to be accorded recipient country status, provided the necessary conditions were met. UNDP would be able to complement existing cooperation activities. However, its role should not be confined to merely coordinating aid. It should also provide the benefits of the experience gained in the field and should introduce innovatory ideas which could be applied immediately. In addition to existing funds, special resources would need to be mobilized.

26. Mr. BORJA DE MOZOTA (France) welcomed the possibility of Belarus, Estonia, Latvia, Lithuania and Ukraine becoming beneficiaries of UNDP activities. However, it was important to coordinate aid to those countries with that accorded to them by other bilateral and multilateral sources. The financial needs of the countries seeking recipient country status should be defined and the assistance accorded them should not be to the detriment of developing countries receiving UNDP assistance. It was important to look at the resources intended for the five applicant States separately from official development assistance. In addition, account should be taken of the impact of the new indicative planning figures on the UNDP budget. With regard to the priorities for the adoption of measures, UNDP should draw up a document putting forward specific proposals, bearing in mind the urgent nature of the situation to which the Adminstrator had drawn attention. Lastly, in light of the new division of Europe, UNDP operations needed to be coordinated with those of other United Nations agencies so as to avoid duplication of activities or functions. The UNDP office in Geneva could play a liaison role and organize missions as necessary.

27. Mr. SIEBER (Switzerland) said that his delegation welcomed UNDP's initiative to extend its activities to Belarus, Estonia, Latvia, Lithuania and Ukraine. UNDP should take full account of the considerations concerning the fifth programming cycle contained in decision 90/34 and the criteria set forth therein concerning indicative planning figures, with particular reference to the decision to allocate 55 per cent of resources to the least developed countries.

28. A prudent approach should be taken to the possibility of setting up new offices in the five countries in question. In addition, activities should be fully coordinated with those of other bodies of the United Nations system and full use should be made of existing facilities in Europe.

29. He proposed that the Secretariat should submit new and detailed documentation to the Governing Council at its regular session in May. Once the matter had been considered at that session in Geneva, the Council would be in a position to take decisions.

30. Mr. LENZI (Italy) supported the inclusion of Belarus, Estonia, Latvia, Lithuania and Ukraine in the list of countries receiving UNDP assistance. UNDP should determine more specifically in which areas such aid should be granted, so as to complement the aid provided by other countries, European organizations and international financial institutions, without duplicating it. In that connection, fact-finding missions could be sent to the region, possibly from Geneva, to gather information on the financial and other needs of those countries and decide whether it was appropriate to set up field offices or other permanent services there. The Governing Council could consider the issue in depth at a subsequent session on the basis of the information gathered.

31. Mr. KALPAGE (Sri Lanka) commended the measures which the Adminstrator had taken in response to the request for recipient country status by the Baltic States and the countries of the Commonwealth of Independent States. However, he pointed out that unallocated UNDP resources were very scarce and that the needs of the developing world were still pressing. He therefore urged donor countries to consider the possibility of allocating additional resources to UNDP, to enable it to provide equally for the needs of the South and for those of the Baltic and Eastern European States which had just gained independence.

32. Mr. SOTIROV (Bulgaria) said that UNDP should grant Belarus, the three Baltic States and Ukraine recipient country status and allocate indicative planning figures to them. It was important above all to recognize that major political questions were at stake, since the countries concerned were moving not only from centrally planned to free market economies, but also from totalitarian to democratic structures.

33. The resources allocated to developing countries should not be reduced in any significant way following the granting of recipient country status to Belarus, the Baltic States and Ukraine. No one was suggesting that field offices should be set up in each of the Republics in the short term. Indeed, it might well be that within five years the countries of Eastern Europe would have become donors, as Portugal had done. Furthermore, the economies of countries such as Bangladesh and India were much closer to the market economy model than those of the countries of Eastern Europe. Lastly, the applicant countries needed UNDP assistance, particularly in the area of administration and coordination. It might be possible to start by deciding to grant the States concerned recipient country status and then to make the financial and other calculations concerning the type of assistance to be granted.

34. Mr. SALEEM (Pakistan) supported the request by the Baltic States for recipient country status, in accordance with the criteria established in decision 90/34. He commended the efforts of the Baltic countries to mobilize resources from other sources. However, he emphasized that resources assigned to them by UNDP should be in addition to those earmarked for the fifth programming cycle.

35. Ms. DOWSETT (New Zealand) said that she favoured according Belarus, Estonia, Latvia, Lithuania and Ukraine recipient country status, in accordance with the criteria established for the fifth programming cycle. However, she agreed that the amount of the IPFs for the countries in question would have to be given thorough consideration at the May session.

36. Furthermore, the functions to be carried out by UNDP in those countries should be clearly defined, bearing in mind in particular the aid provided by major donors, development banks and the recipient States themselves. It would not be sufficient for UNDP to be present in the region solely as a coordinator. Nor should the granting of assistance to the countries concerned involve a reduction in the amount of resources available for countries already receiving UNDP assistance.

37. Mr. WANG Xinggen (China), while deploring the economic difficulties facing Belarus, Estonia, Latvia, Lithuania and Ukraine, said that he understood and shared the developing countries' concern that the resources allocated to them might be reduced if UNDP started to provide assistance to those other States.

38. Mr. BILL (India), replying to the remark by the representative of Bulgaria to the effect that India's economy was much closer to a market economy than that of the Baltic States, Belarus or Ukraine, pointed out that India faced the same structural problems as those countries and that, while its economy was developing in a satisfactory manner, his country continued to require UNDP assistance.

39. In addition, he noted the principle of universality established in UNDP decision 90/34 and said that there were other considerations which should be borne in mind when considering the question. It seemed to him that the group of donor countries did not have a common position vis-à-vis the allocation of indicative planning figures to countries in the region and he suggested that the Administrator should discuss the matter thoroughly with the donor countries and present the results of those discussions in the report which some had suggested could be submitted to the Governing Council.

40. Mr. KABIR (Observer for Bangladesh) welcomed the request from the Baltic States, Belarus and Ukraine that they be accorded recipient country status by UNDP. His delegation, however, like those of the other recipient countries, requested that UNDP should not reduce the resources earmarked for developing countries in order to provide assistance to those States. He noted that the financial situation of UNDP was not very sound. The 1991 Pledging Conference had failed to attain the targeted increased level of resources and some of the funds administered by UNDP were in critical financial straits. Bangladesh therefore supported the idea of holding detailed discussions on that topic during the session of the Governing Council.

41. Mr. NYAMIKEH (Ghana) and Mrs. HASSAN (Observer for Egypt) were pleased to see that the Baltic States, Belarus and Ukraine had requested recipient country status. They noted, however, that certain considerations should be borne in mind when examining that request, particularly the necessity to adhere to the criteria established for the granting of recipient status and the importance of not reducing the resources allocated to developing countries.

42. Mr. ELLIS (United Kingdom), referring to the remarks by the representative of India, said that the United Kingdom, like the great majority of donor countries, attached great importance to the principle of universality and, on that basis, supported the request by the Baltic States, Belarus and Ukraine. His delegation's only concern was that UNDP resources should be allocated to those countries which needed them most.

43. Mr. RYSINSKI (Poland), speaking as the representative of a recipient country, agreed with the view expressed by the representative of the United Kingdom.

44. Mr. JALLOW (Gambia) fully supported the request by Belarus, Estonia, Latvia, Lithuania and Ukraine to be accorded recipient country status by UNDP. He urged donor countries to increase their contributions to UNDP to ensure that the Programme could discharge its new obligations and, at the same time, overcome the scarcity of resources which it faced. He also requested that the criteria for granting recipient status to countries, both in the short and in the long term, should be clearly defined.

45. Mr. DRAPER (Administrator) summarized the remarks made during the current session. The entire Council supported the principle of universality, which meant that there should not be two categories of recipients. UNDP had applied a universally accepted formula which had given good results and had required only minor modifications. That formula, which protected the least developed countries and the decision, taken in June 1991, to allocate 55 per cent of UNDP resources to that group of countries, meant that only 45 per cent remained for the other countries.

46. Africa continued to receive half of the UNDP allocations. The proposal should be seen in its proper perspective and it should be remembered that the total amount which the five applicant countries would receive was only $6 million. That amount was distributed as a grant of $1.5 million to the Baltic countries on independence and $4.5 million in IPFs to be distributed over five years. That sum should be compared to the budget of $4,200 million disbursed by UNDP world wide. In other words the sums requested amounted to only 0.1 per cent of IPFs. It was, therefore, neither a question of principle nor a financial problem for the Programme, particularly in view of the fact that contributions were increasing by 8 per cent. No money would be saved by establishing separate categories of recipient countries. He drew attention, in that regard, to document DP/1992/CRP.4.

47. With regard to the cost of field offices, it should be noted that a typical field office, with a resident representative, two local officers and eight general service clerks, cost $400,000 per year and that the start-up costs were $250,000. In the case of Yugoslavia, which would be transformed into three separate countries, the Secretary-General had indicated his wish for a United Nations presence in the two new independent countries. UNDP planned to create two offices: one for the Baltic countries and the other situated in Minsk. The cost of those new offices would be $1,000,000. In addition, part of the work would be carried out from the field office in Turkey.

48. It was generally agreed that, if the new members requested assistance, they were entitled to an allocation of indicative planning figures, but the speakers had stressed that no resources should be diverted from existing allocations. That problem had been resolved two years earlier with the establishment of a reserve fund. The details could be studied again in May, but the matter was urgent and all that could be done at that time was to review the available data received from the World Bank, the International Monetary Fund (IMF) and the Organisation for Economic Cooperation and Development (OECD).

(Mr. Draper)

49. It would be wrong, when welcoming new countries, to relegate them to a second category which was not entitled to an allocation of IPFs. It was not a matter of East and West or of North and South. Those countries were, in fact, poor countries, like those of the South, although it was to be hoped that they would eventually become rich countries, like those of the North, and would become donors. Germany had made an interesting suggestion on the possibility of establishing joint offices, in particular, with application to those countries lying east of the Urals. Those projects should not, however, be permitted to delay UNDP progress and urgent decisions were required to ensure that progress continued. Japan had requested revised figures, but those figures would not be available in May. It was evident, however, that even assuming that all 15 new countries were to enter at the same time, the costs would not exceed $36 million. In any event, the least developed countries would still absorb 55 per cent of UNDP resources.

50. China had requested that the resources of developing countries should not be reduced. In that regard, it should be noted that the applicant countries were developing countries with legitimate interests. No purpose would be served by postponing the decisions, as some countries had suggested. While the international community should proceed with caution, it should also endeavour to promote progress. The new field offices would not be opened by May, but it was still necessary to take decisions to ensure that UNDP progress was not arrested. In conclusion, it could not be stated that there was a serious problem, since everyone agreed that the universality of UNDP must be maintained.

The meeting rose at 12.10 p.m.